



**ORDER NUMBER
G-388-21**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority
Review of the Performance Based Regulation Report

BEFORE:

D. M. Morton, Panel Chair
A. K. Fung, QC, Commissioner
E. B. Lockhart, Commissioner
R. I. Mason, Commissioner

on December 21, 2021

ORDER

WHEREAS:

- A. On February 25, 2019, the British Columbia Hydro and Power Authority (BC Hydro) filed its Fiscal 2020 to Fiscal 2021 (F2020–F2021) Revenue Requirements Application (RRA) with the British Columbia Utilities Commission (BCUC);
- B. Directive 28 of the BCUC’s decision on the F2017–F2019 RRA directed BC Hydro to provide a report to the BCUC that discusses, among other things, the opportunities and challenges associated with the adoption of Performance Based Regulation (PBR) at BC Hydro and a possible approach to adopting PBR (PBR Report);
- C. BC Hydro provided the PBR Report as part of its F2020–F2021 RRA along with two expert reports regarding the matter as Appendices FF and GG to the F2020–F2021 RRA;
- D. On October 11, 2019, by Order G-244-19, the BCUC directed that the PBR Report will not be reviewed as part of the review of the F2020–F2021 RRA and by Order G-245-19, dated October 11, 2019, the BCUC established a proceeding for the review of the PBR Report and related materials;
- E. The BCUC established and amended the regulatory timetable for the review of the PBR Report and related materials by Orders G-246-19, G-326-19, G-70-20, G-251-20, G-324-20 and G-92-21; and
- F. The BCUC has considered the PBR Report, along with the evidence and submissions filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 59 to 60 of the *Utilities Commission Act*, and for the reasons outlined in the decision issued concurrently with this order, the BCUC orders BC Hydro to file, no later than December 31, 2023, a proposal for its next RRA that includes the following:

1. A test period of at least five years;
2. A proposed formula for as much as possible of the utility's controllable operations and maintenance and capital expenditures, incorporating cost inflation and productivity indices;
3. A proposal for which, if any, of the years F2022–F2025 should be used as the base year;
4. Proposals for specific exclusions from the formula or index approach, if appropriate (including “Y factors” and “Z factors”);
5. Consideration of whether a different approach is required for growth capital as compared to sustainment capital;
6. A proposal for the criteria and reasons, if any, to abandon the PBR approach during the test period (“Off-Ramps”); and
7. An assessment of whether annual reviews of BC Hydro's performance and rates during the test period are appropriate and what they should encompass and exclude.

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of December 2021.

BY ORDER

Original signed by:

D. M. Morton
Commissioner